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Supreme Court, U.S.
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No. 03-1461

IN THE

Supreme Court of the United States

AVERY DENNISON CORPORATION,

Petitioner,

v.

3M INNOVATIVE PROPERTIES COMPANY and
MINNESOTA MINING & MANUFACTURING COMPANY,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

REPLY BRIEF

JAY R. CAMPBELL
RENNER OTTO BOISSELLE & SKLAR
1621 Euclid Avenue, 19th Floor
Cleveland, OH 44115
(216) 621-1113

RODERICK G. DORMAN
Counsel of Record
LAWRENCE M. HADLEY
HENNIGAN, BENNETT & DORMAN LLP
601 South Figueroa Street
Suite 3300
Los Angeles, CA 90017
(213) 694-1200

Attorneys for Petitioner

STATEMENT PURSUANT TO RULE 29.6

Petitioner's corporate disclosure statement was set forth at page *ii* of its Petition for a Writ of Certiorari, and there are no amendments to that statement.

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INTRODUCTION

Despite 3M's attempt to recast the two questions raised by Petitioner, the fact remains that the Federal Circuit's decision, if left untouched, will expand the zone of uncertainty and associated impediments to innovation that currently exist under our patent system. Simply put, innovation cannot flourish when the public lacks both fair notice of the scope of patent rights and the means to predict reliably how a court might construe those rights. With ambiguous rules for determining the scope of patent claims with process limitations, marketplace innovation is frustrated and litigation, regrettably, is promoted.

This case exemplifies a patent system that has turned its back on the statutory fair notice requirement.[1] After the United States awarded 3M a patent entitled "Multiple Embossed Webs," Avery respected 3M's patent and (at great expense) developed a superior single-embossed web, providing the market with competition and choice. By persuading the Federal Circuit Majority to ignore the words elected by 3M to describe its invention—namely, the "embossed" and "multiple embossed" process limitations in 3M's claimed web—(which Avery relied on in designing around and improving graphic film products), Avery now faces continued exposure for its innovation.[2]

3M's opposition to Avery's petition repeatedly describes this case as a simple claim construction dispute involving settled

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1. *See* 35 U.S.C. § 112(2); *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538 (Fed. Cir. 1991) (section 112 gives "the public . . . fair notice of what the patentee and the Patent and Trademark Office have agreed constitute the metes and bounds of the claimed invention," allowing "other parties to avoid actions which infringe the patent and to design around the patent.").

2. This same claim language, chosen by 3M to describe its invention, was understood by the Patent Examiner to be written in the "product-by-process" claim format.

principles of patent law. But there are no settled principles of patent law in the area of process limitations in product claims. Moreover, 3M cannot refute that the Federal Circuit, after discarding the Patent Examiner's findings regarding claim format and scope of patented rights thereby created, read the "embossed" requirement out of 3M's "multiple embossed" patent, which is itself contrary to settled principles of patent law. The two issues raised by Petitioner would go far toward restoring fair notice of the scope of patent claims to the public. Contrary to 3M's opposition, review by this Court would provide much-needed guidance to lower courts on these issues.

I. THE QUESTION CONCERNING THE DEFERENCE OWED BY COURTS TO PATENT OFFICE FINDINGS REGARDING CLAIM FORMAT AND THE SCOPE OF RIGHTS THEREBY CREATED IS PROPERLY PRESENTED AND WARRANTS REVIEW

The first question is whether federal courts, in construing the claims of issued patents, should defer to Patent Office findings regarding the format of claims and the scope of exclusive rights thereby created. 3M argues against reviewing this question on the ground that Avery "never raised this 'deference' issue before the District Court or Federal Circuit." Opp. at 12-13. Although Avery did not use the word "deference" in its appeal briefs, this issue is adequately raised under the circumstances of this case.

Plainly, the District Court, in construing the terms used in claim 1, deferred to the Patent Examiner's conclusion that 3M adopted the "product-by-process" format for that claim. App. 50a, 52a. On appeal, 3M did not address the Examiner's statement. Avery, on the other hand, argued that the Examiner's conclusion of product-by-process claim format communicated an understanding that the process words in claim 1 were to be

given process meanings. In response, the Federal Circuit Majority, *sua sponte*, fashioned its rule that "an examiner's characterization of a claim" merits no level of deference absent the "applicant's clear and unmistakable acquiescence to that characterization. . . ." App. 16a. Accordingly, the deference question did not ripen into an issue for review until the Federal Circuit ruled in this case.

Further, once the Federal Circuit fashioned its "clear and unmistakable acquiescence" rule, Avery specifically challenged, in a petition for rehearing, the Federal Circuit's refusal to adopt, as the Patent Office concluded, a process meaning for "embossed" and "multiple embossed." Pet. For Panel Reh'g and Reh'g En Banc at 8-9. This express challenge adequately preserves the issue for review by this Court.[3]

Review by this Court would not be precluded even if Avery had not raised the issue below. The deference question falls well within the category of "exceptional cases" in which the Court declines to "limit [its] power to decide important questions not raised by the parties . . . particularly in cases arising in the federal courts." *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 320 n.6 (1971).[4] Considering the

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3. *See Richards v. Jefferson County*, 517 U.S. 793, 797 n.3 (1996) ("Because petitioners raised their due process challenge to the application of res judicata in their application for rehearing to the Alabama Supreme Court, that federal issue has been preserved for our review."); *City of Houston v. Hill*, 482 U.S. 451, 467 n.16 (1987) (city's failure to raise abstention issue until after it had lost on the merits before the Court of Appeals did not bar Supreme Court from considering the issue).

4. Indeed, in many instances, this Court has considered issues not squarely presented in the courts below. For instance, in *Carlson v. Green*, 446 U.S. 14 (1980), the Court decided a question presented in a petition for certiorari that had not been raised in the lower courts where, as here, the issue was squarely presented in the petition, was important and

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astonishingly high reversal rate of district court claim construction rulings, and the corresponding "zone of uncertainty" that deprives the public of rights "without being clearly told what it is that limits these rights," *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996), there is an exceptional need for guidance from this Court on the first issue presented for review.

3M's remaining arguments against review of the deference question are no more compelling. For example, 3M argues extensively that the deferential standard contained in section 706 of the Administrative Procedures Act ("APA") does not apply to statements by patent examiners in the public examination record because those statements do not qualify as an "agency action." Opp. at 14-15 (citing 5 U.S.C. § 551(13)). Yet 3M overlooks that the deference demanded in section 706 extends beyond "agency actions" and includes "findings and conclusions." 5 U.S.C. § 706(2). 3M cites no authority holding that a patent examiner's statements regarding claim format and scope of patentable rights thereby granted fall outside the scope of an agency's "findings" or "conclusions".

Similarly, 3M repeatedly misstates the first of the two questions that Avery presents. The first question presented in Avery's petition is not whether the APA or statutory construction rules should apply to patent claim interpretation. It is whether the public can rely on a patent examiner's statements regarding claim format in determining the scope of exclusive rights granted

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recurring, and "the interests of judicial administration [would] be served by addressing the issue on its merits." *Id.* at 17 n.2. *See also Vance v. Terrazas*, 444 U.S. 252, 259 n.5 (1980) ("consideration of issues not present in the jurisdictional statement of the petition for certiorari and not presented in the Court of Appeals is not beyond our power, and in appropriate circumstances we have addressed them"); *Capital Cities Cable, Inc. v. Crisp*, 467 U.S. 691, 696 (1984); *Virginia Bankshares, Inc. v. Sandberg*, 501 U.S. 1083, 1098 (1991); *Lebron v. National R.R. Passenger Corp.*, 513 U.S. 397 (1995).

to a successful patent applicant, or whether such statements can be ignored absent an express, written concurrence by the patent applicant. For this reason, 3M's citation to *Purdue Pharma L.P. v. Faulding, Inc.*, 230 F.3d 1320, 1329 (Fed. Cir. 2000) is misplaced. Opp. at 15. Unlike the first issue presented here, the *Purdue* court ruled, not surprisingly, that district courts are not "bound" by a patent examiner's written statement confirming that proposed claims satisfy the written description requirement of 35 U.S.C. § 112. *Id.* at 1329. Indeed, the Patent Act expressly includes the failure to comply with the written description requirement as a defense to infringement actions. 35 U.S.C. § 282.

Substantively, 3M argues that deference should not be conferred, citing cases regarding statements of "lower-level" agency officials and comments in "internal agency documents." Opp. at 14. But patent examiners cannot be considered "lower-level" agency officials. To the contrary, patent examiners often make the final determination on whether to provide a federal grant of exclusive rights to a patent applicant along with the precise scope of those rights. Nor do the examiner's statements, which reflect the Patent Office's views about claim format and scope of rights, appear in "internal agency documents." Instead, those comments are included in the public "file wrapper" for each granted United States patent so that the public can better understand what can and cannot be done without infringing. *Graham v. John Deere Co.*, 383 U.S. 1, 33 (1966) ("It is, of course, well settled that an invention is construed not only in light of the claims, but also with reference to the file wrapper or prosecution history in the Patent Office.")

3M also argues that the question of deference to the Patent Examiner's conclusions regarding claim format should not be reviewed in this case because the statement "was not related to the patentability of the invention." Opp. at 13. In support, 3M cites the rule that process steps are not considered in determining the patentability of product-by-process claims. *Id.* (citing MPEP § 2113). 3M's argument fails both legally and factually.

While 3M correctly notes that the Examiner could not consider *how* the web of claim 1 was embossed in determining patentability, nothing in the MPEP or case law barred the Examiner from recognizing, in his patentability decision, that the web of claim 1 is "embossed." Indeed, the Patent Examiner considered only prior art in the embossing field in determining patentability. [A0041.] Moreover, the Examiner twice rejected proposed claims on the basis of prior art disclosing embossed webs in which a tooling process impressed a pattern. [A0065-0146.] When the applicants then amended their claims to recite a ridge height limitation, they did so ***in combination*** with the product-by-process limitations—"embossed" and "multiple embossed"—already in the claims. Just because the applicants added a structural height limitation to distinguish otherwise invalidating prior art does not mean that the Examiner's "product-by-process" determination was unrelated to the patentability decision. To the contrary, the claim language upon which the Examiner based the product-by-process determination was as essential to patentability as all other claim limitations.

Finally, 3M contends that Avery, during the Federal Circuit argument, "abandoned" the position that 3M used the "product-by-process" claim format. Opp. at 8-9. Avery abandoned nothing. Avery's counsel responded to a specific panel question regarding how the definition of "embossed" in the patent specification related to the District Court's construction. Avery's counsel explained that the District Court's determination of non-infringement did not turn on whether 3M used the "product-by-process" claim format, so long as the term "embossed" was construed in its normal, process-like sense. Under long-settled law, structure claims can use process-like terms. When structure claims use process-like terms, the process terms are not only given meaning, they are construed as a process. Oppos. Brief of Appellee at 31-32 (citing *In re Fitzgerald*, 619 F.2d 67, 69-70 (CCPA 1980) and E.P. Mirabel, *Product-by-Process Claims: A Practical Perspective*, 68 J. Pat. & Trademark Off. Soc'y 3 (1986)).

II. THE DECISION BELOW DEPARTS FROM FUNDAMENTAL CLAIM CONSTRUCTION DOCTRINES

The second question is how federal courts should construe product claims that have process limitations—descriptive both of structure and the way in which the structure is created—in accessing infringement and validity. This stated question does not "misrepresent" the decision below.

3M argued, and the panel Majority agreed, that "embossed" and "multiple embossed," as used in claim 1, are "entirely structural" and "describe[] only a structural relationship." App. 11a, 17a. The problem 3M now faces, and cannot explain, is that the terms "embossed" and "multiple embossed" communicate no identifiable "structure" in addition to the structure already provided by other limitations in claim 1. In other words, because the panel Majority's construction completely ignored the process inherent in the terms "embossed" and "multiple embossed," the Majority's construction reads these terms entirely out of the claim—violating at least one settled rule of claim construction. *See Techsearch L.L.C. v. Intel Corp.*, 286 F.3d 1360, 1373 (Fed. Cir. 2002).

Because 3M cannot deny that the Federal Circuit's "structural" construction reads the terms "embossed" and "multiple embossed" out of the claims, 3M opposes the petition on several grounds unrelated to the question presented. Each ground lacks merit.

First, 3M argues that the Federal Circuit's instructions for interpreting terms "that can connote with equal force structural characteristics of the product or a process of manufacture" did not create a new rule of claim construction. Opp. at 16-17. Rather, we are told, the Federal Circuit simply found that the patentees had not "demonstrated" that the terms "embossed"

and "multiple embossed" should be construed as a process. This argument is troubling indeed and confirms the need for review of the second question presented. The fair notice requirements of the patent system contemplate that words have their ordinary meaning unless a different meaning ascertained from the intrinsic patent documents is clearly intended. But the Federal Circuit's "structural presumption" rule would disregard process words whenever used in adjective or past tense verb form to describe a product (*e.g.*, "welded"). Simply put, the structural presumption rule cannot apply for many process terms, irrespective of a patentee's demonstration.[5] In this area, the law needs clarification.

3M's next argument urging this Court not to grant review of the second issue lacks merit as well. 3M contends that the examiner did not base the allowance of claim 1 "on the presence of any process steps." Opp. at 17. In other words, 3M suggests that the examiner would have allowed claim 1 even if the words "embossed" and "multiple embossed" were not used. 3M's contention is demonstrably inaccurate. The examiner consistently referred to the invention as including an embossing process and considered only prior art disclosing embossed webs. [A0101-105 and 0117-124.] At no time did the examiner express that embossing was anything other than an integral feature of the claimed invention. Construing claim 1 in a manner that extends the scope of claim 1 to webs that have never been embossed undoes the entire concept of fair notice.

Finally, 3M asserts that Avery does not cite any decision of this Court or the Federal Circuit conflicting with the "default structural" rule. Avery did cite several conflicting Federal Circuit

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5. Here, for example, 3M chose the word "embossed," which it repeatedly used throughout claim 1 and which unmistakably communicates a process, not structure. Without a process meaning, the term "embossed" is rendered superfluous because a "structural" meaning adds no structure to the language of claim 1 beyond the structure already described.

cases, including *Hazani v. United States Int'l Trade Comm'n*, 126 F.3d 1473, 1479 (Fed. Cir. 1997). Even without conflicting cases, review should be granted because lower courts lack guidance as to how, in product claims, structural limitations should be differentiated from process terms, and when process terms must be given their normal, process meaning. Without guidance from this Court, lower courts will continue to disagree—as the Majority and Dissent did below—and the public will remain in the dark about the risk of patent litigation. The issue meets the criteria for this Court's resources.

CONCLUSION

For the foregoing reasons along with the arguments made in the Petition for Certiorari, Avery respectfully requests that the Petition be granted.

Respectfully submitted,

RODERICK G. DORMAN
Counsel of Record
LAWRENCE M. HADLEY
HENNIGAN, BENNETT & DORMAN LLP
601 South Figueroa Street
Suite 3300
Los Angeles, CA 90017
(213) 694-1200